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**FOREIGN
ASSISTANCE**

Opinions on its Future

March 1970

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Action for Progress for the Americas. October 31, 1969. 20 cents from Government Printing Office, Washington, D. C. 20402.

World Trade Policies. November 18, 1969. House Document No. 91-194.

U.S. Foreign Policy for the 1970's: A New Strategy for Peace. February 18, 1970. 75 cents from Government Printing Office, Washington, D. C. 20402.

Presidential Message to Congress on Population. July 18, 1969. (printed copies available from Population Crisis Committee, 1730 K Street, N.W., Washington, D. C. 20006).

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● Peterson Report 6

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● Jackson Report 8

A Study of the Capacity of the United Nations Development System. (Two volumes). A report to the UNDP Administrator by R.G.A. Jackson. November 1969. Geneva, Switzerland.

● CED Report 11

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● Pearson Report 13

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● NPA Report 16

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● Perkins Report 18

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● Hannah Report 19

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● IWP 20

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● PSAC Report 21

The World Food Problem. A report of the President's Science Advisory Committee. May 1967. Vol. 1, 60 cents. Vol. 2, \$2.75. Vol. 3, \$1.25. Government Printing Office, Washington, D. C. 20402.

Introduction

Foreign Assistance: Opinions on its Future

At the same time that U.S. interest in foreign aid seems to be at a low point, there have been a number of studies, within and outside the administration, aimed at restoring this interest and making U.S. aid programs more effective.

Of course, the recommendations of these study groups have been diverse; but, there are several recurring points:

1. Increase foreign aid expenditures.
2. Fund technical assistance and development lending for longer period.
3. Steer toward multi-lateral aid.
4. Ease debt burden of LDC's.
5. Encourage U.S. private investment in LDC's.
6. Create new aid agencies.
7. De-emphasize "tied" forms of aid.
8. Give LDCs special trade considerations.
9. Place more emphasis on agriculture and population programs.
10. Separate military aid from other assistance programs.

Statements by The President

Several recent Presidential messages affect U.S. foreign assistance programs. These are Action for Progress for the Americas (October 31, 1969), World Trade Policies (November 18, 1969), U.S. Foreign Policy for the 1970's: A New Strategy for Peace (February 18, 1970), the Economic Report of The President (February 1970), and the Presidential Message on Population (July 18, 1969).

Action for Progress for the Americas

1. A multi-lateral inter-American agency should be given an increasing share of responsibility for development assistance decisions. Whatever the form, the objective would be to evolve an effective multi-lateral agency with an expert international staff and, over time, to give it major operational and decision-making responsibilities.
2. U.S. should lead vigorous effort to reduce the non-tariff barriers to trade maintained by nearly all developed nations against products of particular interest to Latin America and other developing nations.
3. U.S. should support increased technical and financial assistance to promote Latin American trade expansion.
4. U.S. should press for a liberal system of tariff preferences for all developing countries.
5. "Tied" loans should be freed to allow purchases not only in the United States but anywhere in Latin America.
6. He urged studies of methods to ease the growing debt burden of the developing nations.
7. He offered help in efforts toward regional economic integration in Latin America.
8. Reaffirmed support of U.S. private investment in developing nations, if wanted.
9. Raised the rank of the Assistant Secretary of State for Inter-American Affairs to Under Secretary.

World Trade Policies

1. Recommended "modest" U.S. tariff reductions.
2. Proposed elimination of non-tariff barriers, specifically the elimination of the "American Selling Price" system of customs valuation.

3. Proposed improvements in the means by which U.S. industry, firms, and workers can receive assistance from the government to meet injury caused by imports.
4. Reaffirmed support of GATT.

U.S. Foreign Policy for the 1970's: A New Strategy for Peace

President Nixon reaffirmed the need for international economic cooperation. "Economic barriers block more than the free flow of goods and capital across national borders; they obstruct a more open world in which ideas and people, as well as goods and machinery, move among nations with maximum freedom," he said.

Following are his conclusions on foreign assistance:

1. Multi-lateral institutions must play an increasing role in the provision of aid, thereby minimizing the political and ideological complications that can affect the assistance.
2. The developing countries themselves must play a larger part in formulating their own development strategies, applying their own knowledge of the needs and mobilizing their own energies to the tasks.
3. Our bi-lateral aid must carry fewer restrictions (as "tied" loans requiring that purchases be from the U.S.).
4. Private investment must play a central role in the development process, to whatever extent desired by the developing nations themselves.
5. Trade policy must recognize the special needs of developing countries, giving them special tariff preferences.

Economic Report of The President

The President's economic report to the Congress contained these comments:

1. "...by insulating domestic producers from foreign competition, trade restrictions reduce the incentives to increase innovation, efficiency, and specialization -- dynamic forces that have made a major contribution to the economic growth of industrial nations. Restrictions on trade also limit the extent to which imports can compete with domestic products, and thus weaken an important restraint on domestic price increases.

"In a dynamic world economy, changing conditions require continuous adjustments. These may inflict hardship on some and evoke resistance. But American industry is used to adapting to changing competitive

pressures from both at home and abroad, and American labor has always been mobile, both among regions and among industries. Most of the necessary adjustments can be taken in stride, but some may prove more difficult. By providing temporary adjustment assistance, the Government can help those who must adapt to changing patterns of world trade, and improve the capability of our market economy to take full advantage of the benefits of international trade and investment."

2. "Greater access to markets is especially important to the developing countries. Although aid from abroad is vital to most of their plans for achieving greater prosperity, the most important condition for success is their ability to make better use of their own resources, both internally and externally. An effective strategy must be designed to further their participation in foreign trade and attract private investment from abroad."
3. "In the long run, the LDC's must look to a continued and vigorous expansion of export earnings as an important part of their economic progress."

Presidential Message on Population

In this message on population, The President recommended:

1. Establishment of a Commission on Population Growth and the American Future.
2. Increased research to develop new birth control methods.
3. A family planning office in the Department of Health, Education, and Welfare to provide leadership and funding for U.S. family planning programs.
4. High priority for attention, personnel, research and funding of population assistance in the Foreign Assistance Program.
5. United Nations leadership, with full United States cooperation, to meet the world challenge of too rapid population growth.

To follow up on this population message, The President called on USDA and AID to investigate ways of adapting and extending our agricultural experience and capabilities to improve food production and distribution in developing nations. The principal recommendations of USDA and AID were:

1. Substantial increase in AID support of an international agricultural research network, in both developed and developing countries, directed at problems of agricultural growth in the latter.
2. Expanded efforts to obtain, impart and apply knowledge of soil and water, in order to increase food production and protect the environment.
3. Increased and more relevant agricultural training in both the United States and the developing countries.
4. Emphasis on development of institutional competence of central governments, especially ministries of agriculture, to plan and

manage agricultural programs and to provide supporting services to the agricultural sector.

The President also requested the Departments of Interior, Agriculture, and Health, Education, and Welfare to search for new techniques to protect the world environment in light of the population increase. Included in these recommendations were:

1. Encourage UN to establish an international environmental policy.
2. Propose that UN explore possibility of developing international air and water quality standards.
3. Direct Environmental Science Services Administration (ESSA) to work with State Department on better international network for forecasting weather and measuring climate modification.
4. Give environmental matters more attention in AID.
5. Encourage international lending institutions to take into consideration environmental factors in their development programs.
6. Place new environmental focus in P.L. 480 self-help provisions.

"The Peterson Report"

U.S. Foreign Assistance in the 1970's: A New Approach. Report to The President of the United States from the Task Force on International Development

The Peterson task force, reporting in March, 1970, stressed that the United States "has a profound national interest" in helping less developed countries. The Peterson group said "we should keep to a steady course in foreign assistance," providing our fair share of assistance.

The Peterson report, like the Rockefeller and Pearson reports before it, called for more U.S. support of multi-lateral aid, tariff preferences to LDC's, an easing of debt servicing, more emphasis on population control, an end to "tied" forms of aid, emphasis on the role of the private sector, and longer-term aid budget commitments.

But, unlike the Pearson Commission, which recommended that the U.S. official aid flows should be hiked to 0.70 percent of GNP by 1975, the Peterson group declined to name an annual figure. It said that this approach "puts the emphasis on the wrong side of the partnership" and that the real test should be the determination of LDC's to mobilize their own resources and to adopt policies that will ensure the effective use of funds. However, it did recommend a \$500 million annual increase in U.S. contributions to international development banks by 1972 and increased multi-year funding for U.S. bi-lateral programs.

When the U.S. assistance program was redesigned in 1961, we dominated the field. Now the World Bank and UNDP are more active, as well as other developed nations. The LDC's are more able to participate in their development. The U.S. should now take a different role in the new development environment.

The task force recommended a major reorganization of U.S. aid programs:

1. A new U.S. International Development Bank for capital and related technical assistance loans (multi-year capitalization of \$2 billion from Congress and authority to borrow another \$2 billion from the public);
2. A new International Development Institute to concentrate on research, training, population, and other programs, but with fewer technicians and advisors overseas (multi-year authorization of \$1 billion);
3. An Overseas Private Investment Corporation (already authorized by Congress) to encourage U.S. private investment in the LDC's;
4. All military and security assistance would be combined into one piece of legislation, separated from the development assistance, and would be assigned to the Secretary of State;

5. Also administered by State would be welfare and emergency relief food programs, now handled by State, AID, and USDA;
6. A new International Development Council to coordinate U.S. aid (The Secretary of Agriculture would serve on this council along with the State and Treasury Secretaries, the President's Special Trade Representative, President of Export-Import Bank, Director of the Peace Corps, President of the suggested "Bank," Director of the suggested "Institute," and the President of the Overseas Private Investment Corporation, with a chairman appointed by the President.);
7. The "Bank" and the "Institute" would need regional and in some cases country representatives, but the principal operating decisions would be made in Washington.

Of special interest to USDA was the task force's section on P.L. 480;

"There is likely to be a continuing need for P.L. 480 development assistance for some time to come. This program now amounts to approximately \$1 billion a year. There are no reliable forecasts of future needs; but the outlook is for a continued increase in agricultural production in the developing countries, combined with an increase in requirements arising out of population and income growth. The P.L. 480 program accounts for only a small fraction of total consumption in these countries. While needs vary from year to year, depending on production policies and on temporary factors, such as the weather, it is assumed that the program will continue at a level of about \$1 billion a year on an average.

"The Department of Agriculture now administers the sales programs under the foreign policy guidance of the Department of State and should continue to do so. First priority should be given to encouraging agricultural production in the developing countries and to self-help policies. In administering the sales programs, the United States should recognize the need for developing countries to export agricultural commodities that they can produce efficiently. Competition from this quarter may hurt this country in the short run, but over time, income growth in the developing countries will make them better markets for those agricultural products that the United States can produce most efficiently."

"The Jackson Report"

A Study of the Capacity of the United Nations Development System.

Included in this study by R.G.A. Jackson are his recommendations on how the UN system can "best meet the challenge of ...the next twenty-five years."

1. The U.N. development system's contribution to the Second Development Decade should be strengthened by:
 - (a) making it operationally efficient while retaining its special attributes;
 - (b) making it more flexible and dynamic;
 - (c) utilizing its contribution strategically within the framework of all available development inputs, both internal and external;
 - (d) forging close links with organizations dealing with trade and financial transfers.
2. There should be a greater variety in the content of the programme:
 - (a) consideration should be given to the possibility of authorizing a more generously endowed Capital Development Fund to make limited grants-in-aid, primarily to those countries which have negligible access to other sources of finance in support of capital and recurring costs incurred in connection with approved projects in the country programme;
 - (b) the kinds of co-operation offered through the UN development system should be expanded and new methods energetically pursued;
 - (i) technical advisory assistance;
 - (ii) operational assistance (where performance of function is immediate purpose and training a replacement is secondary);
 - (iii) executive assistance (this is described by Jackson as "a new term describing assistance given to do a specific job involving little or no significant element of high level professional training -- e.g. a once-for-all survey of a very advanced technological nature, designed to lead to investment");
 - (iv) training assistance (seminars, study tours, work shops, etc).

- (c) The existing tools of technical co-operation should be used more flexibly;
 - (i) The best brains, knowledge and facilities must be mobilized wherever they can be found;
 - (ii) there should be much greater use of contracting outside the system;
 - (iii) the functions of experts should be defined less rigidly and their services used more imaginatively;
 - (iv) a fresh approach should be actively sought to the whole question of training, including fellowships;
- (d) the programme of activities in each country should be planned more comprehensively so as to produce maximum impact, e.g.
 - (i) more attention should be paid to the social dimension of development;
 - (ii) projects should be more closely inter-related;
- (e) the UN system could usefully concentrate on certain areas of activity in support of development for which it is particularly suited.

3. The programme should adopt a true country approach and become more strongly country-centered:

- (a) a proper balance should be struck between the global strategy and the country approach;
- (b) a certain proportion of total resources should be allocated to "non-country" actions such as multinational projects, regional or subregional undertakings, such as the Regional Planning Institutes and certain world sectoral actions;
- (c) special measures should be taken to assist the less-developed among developing countries by programming technical assistance designed to break bottlenecks and increase absorptive capacity, and by more flexible treatment of counterpart contributions.

4. There should be a more coherent approach to the problems of each country by the different components of the UN system:
 - (a) joint programming should take place at the country level;
 - (b) the resulting "country programme" should be part and parcel of the national development plan and should cover the same period;
 - (c) if the government so wished, this joint programming process might be made to include all other external sources of co-operation.

"The CED Report"

Assisting Development in Low-Income Countries: Priorities for U.S. Government Policy. A Report of the Committee for Economic Development.

The U.S. program of assistance, which has contributed so much to brighter prospects in the developing nations, has been reduced "to the point where it is now utterly inadequate to the tasks and opportunities that present themselves in the low-income countries," according to this report. Interestingly, Rudolph Peterson, who served on the Perkins task force and, of course, who headed the Peterson task force, also served on the CED committee which wrote this report.

Major recommendations are:

1. Official and private assistance of the advanced countries, including the U.S., should be 1 percent of national income initially, and ultimately 1 percent of GNP. "By 1970, an increase from the 1968 level of 0.79 percent of national income to 1 percent should be feasible for the total flow from the United States. Beyond 1970 the flow of resources to developing countries should increase at a rate that would permit the target of one percent of GNP to be met by 1975."
2. Ease the debt burden of less developed nations.
3. Endorses present aid emphasis on technical assistance on education, vocational-technical training, agriculture, and health but says more emphasis should be placed on population control and institution building (including training of personnel).
4. Fund technical assistance for longer term.
5. World Bank and regional financial institutions should help developing nations integrate all forms of bi-lateral, multi-lateral, and domestic resources into an effective and consistent development strategy.
6. Bi-lateral lending should be continued or increased. Preferably the increases in official lending consistent with the 1 percent target for total resource flows should be provided through multi-lateral channels. Authorizations for bi-lateral lending should be for at least three years.
7. U.S. food aid should be funded for longer than present 2 year authorization and 1 year appropriation and it should be fully coordinated with the overall U.S. development assistance program.

8. Export-Import Bank should continue active role in lending to LDC's.
9. Economic assistance should be untied (when U.S. balance of payments improve sufficiently).
10. Gradually shift to larger use of multi-lateral aid by channeling additions to U.S. development lending through international institutions.
11. Encourage developing nations to adopt "stable" laws on foreign private investment.
12. Host country requirements that there be local business participation in foreign investments should be discouraged, although the committee commends U.S. firms which adopt "local participation" practices.
13. Double the present U.S. annual contribution to the UN Development Program over five years.
14. Establish a government agency to absorb AID functions of promoting private foreign investment.
15. Exempt U.S. investment in LDC's from U.S. program of balance-of-payments restrictions on capital outflows.

"The Pearson Report"

Partners in Development, Report of the World Bank Commission on International Development

The development goal for the 1970's should be to raise annual GNP rate of growth of developing nations from the current average of 5 percent to at least 6 percent, according to this commission headed by former Canadian Prime Minister Lester Pearson. The report was published in September 1969.

Recommending "new directions in technical assistance," the report says:

1. Technical aid and capital assistance should be closely integrated to assure success in capital investments.
2. Donor nations should extend budget commitments for technical assistance programs to at least three years to guarantee sustained effort.
3. Donors should increase contributions for training LDC professionals and technicians to build up supply of trained manpower.
4. Needed is a national and international corps of technical assistance personnel with adequate career opportunities.
5. Continued heavy expenditures on agricultural research are required to help solve the "array of new problems" generated by the Green Revolution. The report cites the International Rice Research Institute as a model vehicle for such research.

The report calls on developed countries to:

1. Increase aid volume (official and private) to at least one percent of GNP by 1975 (U.S. in 1968 was 0.65 percent or \$5.7 billion).
2. Increase official aid flows to 0.70 percent of GNP by 1975 (U.S. in 1968 was 0.39 percent or \$3.3 billion). A 0.70 percent level of GNP for 1975 is estimated at \$8.2 billion for the U.S. .
3. Consider debt relief as "legitimate form of aid."

4. De-emphasize "tied" forms of aid by letting recipients choose aid-financed imports.
5. Strengthen multi-lateral aid system and increase multi-lateral aid to a minimum of 20 percent of total aid flow from each donor by 1975.

The Commission calls for close cooperation between haves and have-nots, particularly in creating a framework for free and equitable international trade:

"The first requirement for rapid international development is continued vigorous expansion of world trade. However, many developing countries must become more outward-looking and competitive if they are to take advantage of this expansion. Trade policies of advanced countries also raise many obstacles to the growth of export earnings for less developed economies."

"The Rockefeller Report"

The Quality of Life in the Western Hemisphere. Report of the U.S. Presidential Mission for the Western Hemisphere

Steps by President Nixon to implement "a more mature partnership" in the Western Hemisphere appear to have been prompted by the Rockefeller recommendations. These recommendations include special tariff preferences to Latin America, studies aimed at easing Latin American debt servicing, an end to "tied" forms of aid, and upgrading of present Assistant Secretary of State for Inter-American Affairs to Under Secretary.

The upgrading of the Assistant Secretary is related to one of Rockefeller's major proposals that a more effective U.S. Government structure be formed to direct U.S. policy and operations in the Western Hemisphere. Among his recommendations on this point is the proposal to create an "Economic and Social Development Agency" in the Executive Office. It would supersede AID. Within this agency, he suggests an "Institute of Western Hemisphere Affairs," to carry out aid programs in the Western Hemisphere.

Other Rockefeller recommendations include:

1. A more concerted effort on agricultural development through project loans and technical assistance and, specifically, a series of agricultural development model projects encompassing production, processing, and marketing operated by a non-profit "Inter-American Rural Development Corporation," a subsidiary of the "Institute."
2. Greater use of multi-lateral channels of the Organization of American States for technical assistance programs.
3. A U.S. tax climate designed to stimulate U.S. private investment in Latin America. Rockefeller endorsed the Administration's proposed Overseas Private Investment Corporation. He noted that "greater use should be made of the contract mechanism to bring private investors into ventures with discouragingly high risks but with the potential to make significant contributions to local economies."
4. An Inter-American Institute of Natural Resource Conservation within the OAS. He suggests that this institute "should make a rapid reconnaissance survey of the American countries to classify and define the problem areas with regard to the destructive exploitation of soil, water, forests, grasslands, wildlife and outstanding natural areas, and the need for conservation practices and controls."

"The NPA Report"

A New Conception of U.S. Foreign Aid The National Planning Association

While the NPA favors increased multi-lateral aid, it says "multi-lateralization is not a panacea nor could it be made the sole -- or even the major -- channel for U.S. foreign aid for some time to come." Reasons: 1. the United States needs substantial bi-lateral programs so that "it can provide assistance rapidly in special situations" and so that its influence for sound development objectives can be effective; 2. the United States already supplies nearly half of the resources available to multi-lateral agencies; therefore, transferring the bulk of U.S. bi-lateral funds without corresponding increases from other nations would "seriously compromise the international character" of the international agency; and 3. except for the World Bank Group and IMF, "the international financing and technical assistance agencies have not yet for the most part adequately demonstrated the capacity for exercising effective influence for sound development policies..."

The major recommendations of the report are:

Development Loans

1. Continue concessionary terms of U.S. development assistance loans to bring debt relief to recipient nations.
2. Increase aid funds for development loans.
3. Give development loans to those nations showing willingness and ability to give development high priority.
4. Route more development funds through multi-lateral agencies, specifically a transfer of a significant amount of U.S. development aid funds to the World Bank Group (mainly to IDA).
5. Provide for long-term authorization of funds for development lending.

Food Aid

1. Review food aid program regularly to make sure it does not stifle LDC farmer initiative or encourage LDC governments to postpone agricultural improvements.

2. All food aid policy should be determined by the U.S. foreign aid agency, although operating responsibilities should remain in USDA. "Having overriding responsibility for the welfare of the U.S. farmer, the Department of Agriculture should not be put in a position where it is required to make policy decisions that might conflict with its primary obligation."

Technical Assistance and Development Research

1. Establish an autonomous Technical Assistance and Development Research Institute, financed by the U.S. Government and by contributions from private organizations. It would have four major functions: 1. to act as a referral agency for those overseas seeking help from United States, 2. to encourage formation of special organizations in the United States to provide technical assistance under contract to recipient countries, 3. to conduct research and make grants for research to universities and others in the U.S. and recipient nations, and 4. to finance technical assistance for recipient nations.

AID for Private Enterprise Development

1. Charter a Private Enterprise Development Corporation, owned by private investors but with a minority of the directors appointed by the President.

The two shifts (see above) of the technical assistance and the private enterprise development to autonomous agencies, plus the transfer of up to a third of the funds available for development lending to the World Bank Group, would transform AID into a much smaller organization concerned primarily with policy making and allocation of funds.

"The Perkins Report"

Development Assistance in the New Administration. Report of the President's General Advisory Committee on Foreign Assistance Programs

In retrospect, this report takes on even more meaning than when it was first issued--in January 1969, as the Nixon Administration was taking shape. This is because Rudolph Peterson, head of another foreign aid task force which has just reported to Mr. Nixon, served on the Perkins committee. David Rockefeller (Chase Manhattan Bank) and Edward Mason (Harvard) were also members of both task forces. The Perkins recommendations are very similar to those of the Peterson report.

Following are the principal Perkins recommendations:

1. Replace AID with a streamlined agency, possibly named the Development Cooperation Fund, authorized to use long-term loans on liberal terms for capital assistance, and grants for technical assistance and reconstruction and emergency assistance. Present AID policy should be maintained on using comprehensive country analyses as the basis for providing U.S. assistance and encouraging of sales and grants of agricultural products with other forms of assistance.
2. Contributions to multi-lateral agencies should be expanded as rapidly as possible and the United States should welcome the leadership of a strengthened World Bank in providing more aid and coordinating bi-lateral programs.
3. Military assistance should be transferred to the Defense Department budget, yet remain under the Secretary of State's policy guidance.
4. An Overseas Investment Corporation should be established to take over the present investment guarantee and investment promotion functions of AID and to expand private investment in less developed countries. Too, the United States should liberalize present balance of payments restrictions on direct investment in manufacturing and processing industries in LDC's.
5. U.S. assistance should focus on agriculture, population control, strengthening scientific and professional personnel and institutions, education, and broadening LDC popular participation in development programs.
6. The administration should study longer-term innovations in aid... possibly government commitments to subsidize interest payments on bonds issued for the International Development Association and additional funds in the World Bank Group for production diversification programs in countries whose primary export earnings are seriously depressed.

"The Hannah Report"

A Statement by the Task Force on International Development Assistance and International Education (established by NASULGC)

This task force, headed by Dr. John Hannah, reported to President Nixon in January 1969, shortly before Dr. Hannah was appointed AID administrator. Secretary Hardin was a member of the task force but did not participate in drafting the final recommendations. The task force agreed substantially with the Perkins report, issued at about the same time.

Following are the major recommendations:

1. Create a new agency, separate from State Department and insulated from short-run U.S. foreign and domestic policy, for high-level scientific and academic technical assistance, institution-building, and worldwide institution-to-institution relationships. Should support long-and short-term agreements with universities, government departments, and private organizations.
2. Funnel funds for capital assistance through international agencies to extent possible.
3. Encourage U.S. private investment in LDC's.
4. Build high quality research and training centers in developing countries to concentrate on regional and international food-population problems.
5. Fund institution-building for "appropriate duration," not limited by annual authorizations.
6. Strengthen memory system of U.S. aid program. "An organized information gathering, storage, and retrieval system...is needed to discourage repetitions, with new programs and new personnel repeating mistakes made by predecessors."
7. Encourage grass roots nationwide understanding of why support of international developmental assistance abroad and of international education at home is in long-range national interest.

"The IWP"

The Indicative World Plan for Agricultural Development. The Food and Agriculture Organization of the United Nations.

The essential elements of the plan are:

1. A much faster increase in cereal production, particularly during the first decade of the plan -- the 1970's -- in order to secure staple food supplies.
2. An integrated short- and long-term program to diversify the diet, particularly to increase protein supplies. As a result of rising incomes demand for protein foods is expected to grow much faster than demand for cereals.
3. Earning foreign exchange through more comprehensive commodity policies, planned structural changes, and increased efficiency in production and marketing; and saving foreign exchange through economic import substitution.
4. Providing additional employment in the agricultural sector and helping to create opportunities for employment outside agriculture in allied industries.
5. Intensification of land use -- both to meet production objectives in some countries and to assist in the solution of employment problems.

According to IWP, "...the likely long run opportunity costs would argue in favor of producing agricultural raw materials and some processed agricultural commodities in developing countries where labor is likely to be increasingly abundant, accompanied by a shift to more capital-intensive, less labor-intensive, high technology industries in high income countries." This indicates that, in the long run, the comparative advantage in producing agricultural products probably lies with the LDCs and thus an acceleration of the relative shifts of resources out of agriculture for developed countries will benefit both the developed and the developing countries and would lead to the accommodation of exports from the LDC's.

-- From material prepared by
Quentin West.

"The PSAC Report"

The World Food Problem. A Report of the President's Science Advisory Committee

Following are the PSAC recommendations:

A. Population and Family Planning

1. Programs of family planning should be an integral part of technical and economic assistance.

B. Food Production and Nutrition

1. The main goal for improving the world food supply must be that of increasing crop yields in the developing countries, especially in Asia-many developing countries must establish agricultural development as a national goal with relevant research, education, and extension programs to adapt the principles of plant and animal production to local conditions.
2. The developing countries should be encouraged and assisted in increasing and improving protein supplies in the following ways if the specific country has the required natural resources and economic means.
 - a. Develop high protein foods, especially for pre-school children, from indigenous products.
 - b. Increase the production and use of pulses and oil seeds such as soybeans, peanuts, and cottonseed.
 - c. Increase and improve domestic animal production, especially types that are not competitive for food used by human beings.
 - d. Utilize pond culture of fish, both by itself and in combination with agricultural practices such as rice culture and irrigation projects.
 - e. Increase catch of sea foods.
 - f. Develop and utilize new genetic strains of plants that provide protein with a higher nutritional value.
 - g. Expand and intensify research and development related to fish protein concentrate (FPC).
3. There should be more emphasis on the nutritional needs of the population in national food and agricultural programs.

4. Research on protein from leaves, single-cell microorganisms grown on substrates such as petroleum, and microscopic algae should be continued.

C. Increasing Agricultural Productivity

1. Major emphasis must be given to increasing productivity per unit of land if the world food needs are to be met in the immediate future.
2. Since conventional crop plants are likely to be the chief source of food for meeting the immediate world needs, all possible emphasis must be directed toward improvement of strains and varieties.
3. High priority should be given to providing production inputs essential to accelerating agricultural productivity in the developing world.
4. Countries should be encouraged to concentrate their production efforts on crops that are well adapted to their soils and climate.
5. The planning, authorization, and operation of irrigation projects should reflect the necessity for providing not only water but all the inputs and processes that are required if the high costs of irrigation projects are to be optimized in increasing agricultural productivity.
6. Countries should develop long-range plans of livestock production based upon optimum utilization of total agricultural resources.
7. The agricultural potential of vast areas of uncultivated lands, particularly in the tropical areas of Latin America and Africa, should be thoroughly evaluated.
8. The World Meteorological Organization and the United States Environmental Science Services Administration should provide technical assistance to the countries of South and Southeast Asia in applied Meteorological and Oceanographic research to improve long-range forecasting of the monsoon rains and explore the possibilities of precipitation enhancement.
9. In each developing country analyses should be made of the cost effectiveness, needed level, and optimum sequence of expenditures for increasing agricultural production in alternative ways.

D. Food Aid

1. Food aid should be administered to stimulate agricultural and economic development and to improve the food producing capability of recipient nations.

2. If the fortification of wheat with lysine being studied on a large scale is found to be feasible and effective as a means of improving the protein supply to the target area, consideration should be given to fortification of all cereal grains and flours shipped from the United States.

E. Production Incentives for Farmers

1. Attention should be focused on the entire range of problems affecting production incentives to farmers.
2. Special efforts must be made to provide opportunities that are necessary both to allow and to induce farmers to make production-increasing changes.
3. Imaginative experimentation is needed on ways to reduce the risks and uncertainty facing farmers in their decision-making and on ways to provide greater production incentives.

F. Transportation

1. External aid agencies should couple any economic aid to transportation programs with insistence on experimental and demonstrational development of total transport systems to serve selected regions of high agricultural potential.
2. Major attention needs to be given to modernizing and increasing the capacity of port facilities in many countries.
3. The developed nations should help with plans for building rural roads which can be implemented with wage supplements from funds derived from food aid.

G. Marketing, Processing, and Distribution of Farm Products

1. The governments of the developing nations should give special attention to the marketing services and distribution systems that are required to encourage economic development, including an information service for advising farmers, processors and distributors on the needs and availability of products.
2. Private industry should be encouraged to develop and expand food processing, preservation, and distribution industries.

H. Agricultural and Trade Policies

1. Countries and areas should be encouraged to develop policies for freer trade, not for narrow national self-sufficiency or tightly protected regional trading blocs.

2. International commodity organizations should maintain and intensify their efforts to forecast supply and demand conditions for their commodities and developed nations should provide technical assistance in efforts to shift production to items presently or prospectively in short supply.
3. World price policies on wheat should be such that wheat can be competitive with feed grains.
4. United States trade and agricultural policies must be such that the United States remains aggressive in the expanding commercial markets of the world.
 - a. As an incentive to continue growth in efficiency and productivity in the United States.
 - b. To obtain the foreign exchange with which to buy commodities for which foreign producers have greater comparative advantage.

I. Research and Education

1. The central objective of the externally supported programs of education and research for the developing countries should be acquisition of knowledge and skills that will be applicable to and useful in advancing economic development.
2. Very high priority must be given to research and education related to food supply and nutrition in the developing nations.
3. Academic programs of the indigenous agricultural universities must be strengthened and in some cases reoriented to insure that they have a more significant role in increasing the world food supply.
4. Special vocational training programs should be innovated and expanded to provide manpower trained in specific technical skills through organized vocational schools or through on-the-job training in industry and agriculture.
5. Innovative educational techniques, such as television, transistor radio, and movies should be employed on a massive scale to decrease illiteracy, improve extension education, and increase opportunities for communication of information on family planning, nutrition, food preservation, and for generally increasing the educational level of the population.

6. The United States Government and universities must develop policies and programs to carry out long-term commitments for overseas research and educational assistance.
7. University-to-university contracts to assist in overseas agricultural development should be continued and expanded, provided greater continuity of staff and program can be obtained.
8. International research institutes should be developed to focus on food, nutritional and agricultural problems of the developing countries.
9. Private industry of the United States and of the developing countries must be encouraged to participate in overseas research, development, and training related to food supply and nutrition.

J. Private Sector

1. Private industry and the rest of the private sector must be enlisted in the economic development effort on a massive, effective, and lasting scale.

K. Economic Implications

1. Detailed intersectorial economic analyses should be carried out for the major developing countries.

L. Organization and Policy

1. The United States should take the lead in concert with the free world and its international institutions in a coordinated long-term, strategic plan for raising the economic level of the developing countries.
2. If the present trend toward multilateral administration of economic assistance is to accelerate, the United States must take positive action in strengthening existing international institutions until their policies and criteria make them able to operate effectively and under conditions acceptable to the United States and other major donor countries.
3. The United States should retain bilateral programs of capital and technical assistance to assure full participation of our personnel, industry, universities, and government agencies.
4. The United States economic assistance effort should include in-house or through contract or interagency agreement the capability for pre-investment research, analysis, measurement, appraisal, planning, and monitoring of economic development on a scale and with an accuracy far exceeding anything in the past. Eventually, this task may be assigned internationally but initially, the United States must carry it forward.

5. United States technical assistance should be made an equal partner with capital assistance and the structure of the foreign assistance organization should reflect this emphasis.
6. Each executive agency should be given an administrative and congressional mandate to "man for" long-term foreign assistance, rather than "squeezing out" projects from domestic personnel.

